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India

Tree Nuts Annual

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Report Highlights:

In marketing year (MY) 2018/19, Post expects a 9 percent decrease in almond imports, at 95,000 MT, due to a May 23, 2018 increase of the Basic Custom Duty on shelled almonds, significant rupee depreciation, and Indian trade's concerns about the global trade outlook. For similar reasons, Post projects walnut imports to decrease to 19,000 MT. Indian domestic walnut production is expected to rise in MY 2018/19 to 34,000 MT. Despite increased production, Indian demand growth will continue to outpace production, and imports will be necessary to fill the demand. Chilean walnuts are emerging as a major competitor to U.S. walnuts in the Indian market and has gained major market share for imported walnuts.

Commodities:

Almonds, Shelled Basis

Production:

Indian almond production in Marketing Year (MY) 2018/19 (August-July) is forecasted at 4,500 MT (kernel-weight basis), an increase of approximately 12 percent, year-on-year, riding on favorable weather conditions. Indian almond production is limited to the hill states of Jammu & Kashmir and Himachal Pradesh, where the shelling rates generally range between 20 and 30 percent for hard-shell varieties, and 40 percent for thin-shelled varieties. Post's estimates for Indian production in MY 2017/18 are revised to 4,000 MT, which reflects the latest trade data from a trade association that tracks the entry and exit points in India's major almond producing states and consumption patterns in those states.

Consumption:

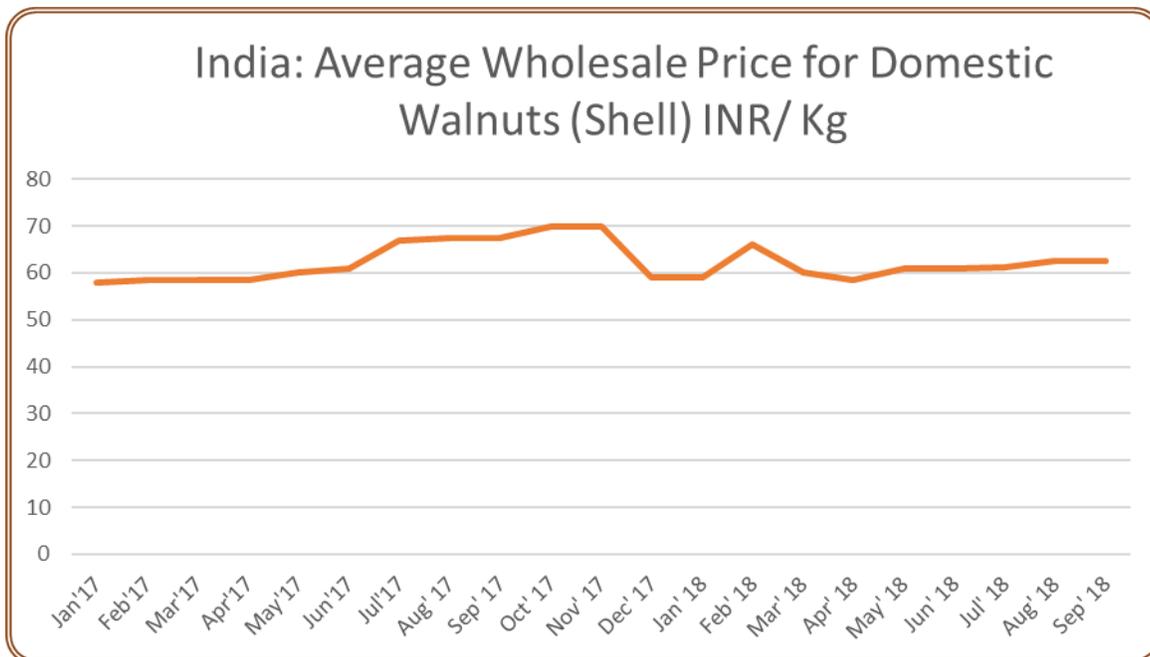
Indian almond consumption in MY 2018/19 is forecasted at 107,000 MT, unchanged from MY 2017/18. Overall, Indian almond consumption is driven by India's expanding middle class and their increased desire for, and awareness of, products perceived as healthy. In MY 2018/19, however, this trend is offset by a depreciating rupee, which decreases Indian consumer purchasing power, and Indian trade's concerns about the global trade outlook.

MY 2017/18 Indian almond consumption is revised upward to 107,000 MT, reflecting a sharp increase in the pace of consumption, which is due to a host of factors, including availability, accessibility, food choice, changing demographics, urbanization, culture, and consumer attitude. Most importantly, Indian consumers' continued and growing health awareness is driving almond consumption year-round, and not just during the holiday and winter seasons. In addition, the uninterrupted supply of almonds, combined with increased consumer awareness, led to deeper penetration of almonds in the food processing industry, for products such as breakfast cereals, snack foods, health foods, beverages, and confectionaries. Also, the personal care industry increased its use of oil extracted from lower-quality almond kernels.

Price:

India's price-sensitive consumers find current market prices attractive, particularly for Californian non-pareil almonds, which have the size, uniform 'eye' shape, and sweetness desired. Australian non-pareil and Carmel varieties also account for a growing segment of the Indian market. Iranian varieties like Mamra and Qumi are popular in the western and northwestern regions of India (e.g. National Capital Region, Rajasthan and Gujarat), and often get a price premium.

Ample stocks have driven average almond prices relatively lower in MY 2017/18 (Table 12 and 13); however, almond prices might increase to adjust for the devaluation of the Indian rupee.



Source: Trade and Industry Sources

Trade:

In MY 2018/19, the May 23, 2018 increase of the basic custom duty (BCD) on shelled almonds (from INR 65/kg to INR 100/kg), significant rupee depreciation, and Indian trade’s concerns about the global trade outlook indicate a 9 percent decrease in almond imports, at 95,000 MT. In contrast, stable market prices, increasing disposable income, perceived positive health attributes of almonds, year-round demand, and implementation of India’s Goods and Services Tax (GST) on July 1, 2017 resulted in record almond imports in MY 2017/18, at 104,500 MT. In MY 2017/18, U.S. almonds accounted for 81 percent of India’s total almond import volume; Australia, the next largest almond supplier to India, accounted for 14 percent of India’s import volume. Most almond imports from the United States and Australia are in-shell, non-pareil or Carmel varieties, and are shelled locally; almonds from other origins are typically already shelled when imported into India. Most almonds in India are sold by weight in loose form; only about 8-10 percent of retail sales are packaged (Table 3 and 4).

In MY 2017/18, India exported 650 MT of in-shell almonds to neighboring countries; Vietnam and United Arab Emirates accounted for 29 percent and 15 percent, respectively, of India’s almond exports. India’s MY 2017/18 exports were largely due to record imports and significant available stocks in India throughout the year. Accordingly, trade sources expect India’s almond exports to decline in MY 2018/19 to meet domestic demand. (Table 5)

Trade Policy:

Although India does not maintain quantitative restrictions for almond imports, U.S. almonds face tariffs of INR 35/kg (in-shell basis) and INR 100/kg (shelled basis). On May 23, the Government of India’s (GOI) Ministry of Finance (MOF) issued notifications announcing an increase in the BCD on several imported agricultural products, including shelled almonds. The increased tariffs were applied to all third

country suppliers, and increased the tariff on shelled almonds from INR 65/Kg to INR 100/kg, causing a significant impact to trade (see [GAIN IN8067](#)). Furthermore, India’s GST, implemented in July 2017, assesses a 12 percent tax on both domestic and imported almonds.

Despite these challenges, market development opportunities remain, particularly among markets serving children, young adults, and a growing urban work force. Additional opportunities exist among medium and large bakeries, boutique pastry shops, food processors, such as cookie manufacturers and breakfast cereal companies, and institutional end users. Regions in southern and eastern India continue to present new marketing opportunities.

Production, Supply and Demand Data Statistics:

Table 1. India: Commodity, Almond, PSD Table						
(Area in Hectares, Quantity in Metric tons and Trees in Thousands)						
Almonds, Shelled Basis	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Area Planted	0	48000	0	48000	0	48000
Area Harvested	0	45000	0	45000	0	45000
Bearing Trees	0	3000	0	3000	0	3000
Non-Bearing Trees	0	275	0	275	0	275
Total Trees	0	3275	0	3275	0	3275
Beginning Stocks	20700	20700	20000	34920	0	35770
Production	1000	4500	1000	4000	0	4500
Imports	88200	99400	95000	104500	0	95000
Total Supply	109900	124600	116000	143420	0	135270
Exports	0	180	0	650	0	500
Domestic Consumption	89900	89500	96000	107000	0	107000
Ending Stocks	20000	34920	20000	35770	0	27770
Total Distribution	109900	124600	116000	143420	0	135270

Commodities:

Walnuts, Inshell Basis

Production:

Indian walnut production is cyclical in nature and yields can vary by as much as 20 percent, depending on weather conditions at the time of blossom and harvest. Due to untimely rains in Kashmir Valley during the flowering months of March and April, India's domestic walnut production is lower than anticipated at 34,000 MT (in-shell basis) in Marketing Year (MY) 2018/19. Post production estimates for MY 2017/18 are revised to 32,500 MT to reflect the latest production estimates from trade sources.

Typically, India's walnut harvest runs from late August through September, with market arrivals peaking in late October. Indian walnut production is primarily confined to the hill states of Jammu and Kashmir, Himachal Pradesh, and Uttarakhand. Lack of infrastructure in producing states, long gestation periods, poor orchard management, and uneven yields limit India's walnut production growth. Indian walnuts are classified as hard, medium, or thin shell (*kaghazi*), and the average shelling rate is about 40 percent.

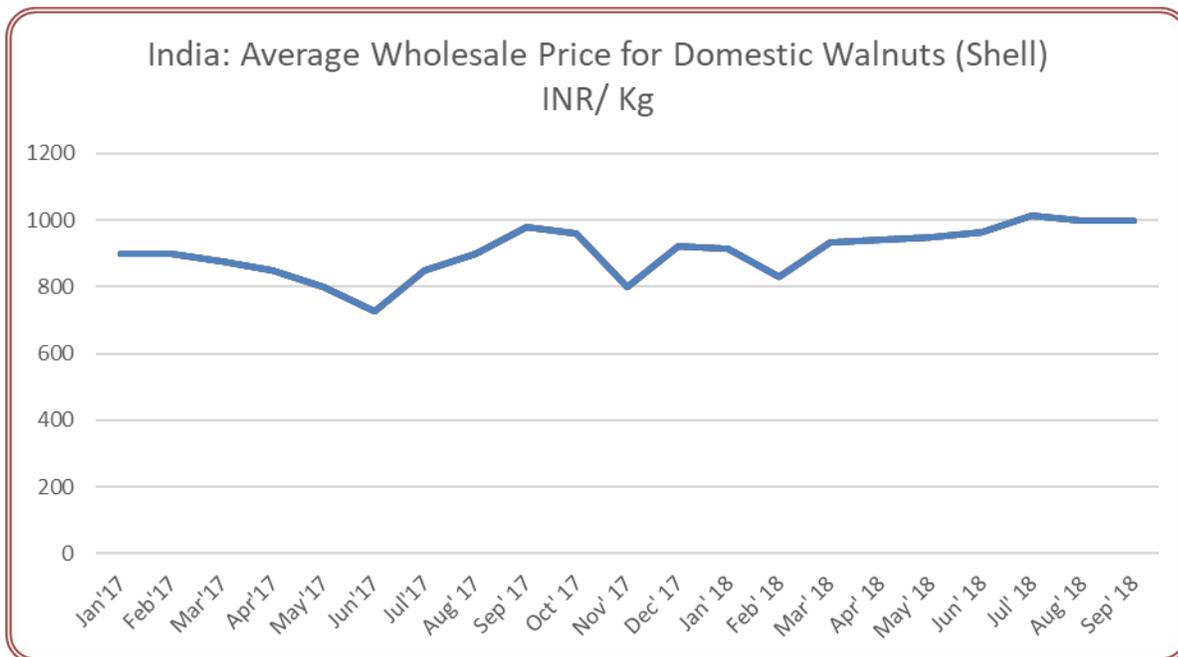
Consumption:

Post expects consumption in MY 2018/19 to be 50,000 MT, the same consumption levels as MY 2017/18. Post anticipated higher levels of consumption in MY 2018/19, but a May 23 GOI increase in the BCD on walnuts in-shell (080231) from 30 percent to 100 percent disrupted trade. Despite this, Indian walnut consumption has grown steadily from MY 2014/15 to MY 2017/18, at 67 percent growth, reflecting consistent supply and strong domestic demand driven by consumer awareness of the health benefits of tree nuts. Walnut consumption primarily stems from the growing perception among Indian middle class consumers that walnuts reduce cholesterol, improve brain health, and lower risks of diabetes, among other health benefits. Further, the now-widely adopted use of vacuum packed bags, combined with attractive product packaging, is improving the shelf life and quality of walnuts, while encouraging year-round consumption of nuts.

Between 70 to 75 percent of Indian walnuts are consumed domestically, and more than half of Indian walnuts are consumed during the holiday and winter seasons. Industry sources estimate that over 10 percent of walnuts are being used by the food processing industry, and an additional 3 to 4 percent are crushed for the personal care industry.

Price:

Domestic walnut prices were stable until the May 23 tariff increases took effect; combined with the Indian rupee devaluation, walnut prices have surged, primarily between June and September 2018, reaching as high as INR 101,500 per 100 kilogram. At the wholesale market, imported walnut prices ranged between INR 72,500 and INR 101,500 per 100 kilogram. (Table 14)



Source: Trade and Industry Sources

Trade:

In MY 2017/18, walnut exports grew to 8,000 MT, given strong demand for Indian walnuts in the United Kingdom, Germany, and France, and the re-export of value-added walnuts. Post anticipates Indian walnut exports to decline to 6,000 MT in MY 2018/19 to satisfy stable domestic demand.

More than 95 percent of Indian walnuts are exported as kernels in vacuum packs (35-40 percent light halves, 35-40 percent amber halves/light broken, and the remaining balance as amber halves). Market sources report that walnuts from the United States, Mexico, Chile, Turkey, China, and Ukraine compete with Indian walnuts on the international market, and in particular, in markets that favor shelled walnuts.

Post revises MY 2017/18 imports down to 21,200 MT, because of several factors, most importantly, the sudden and unexpected May 23 increase of the BCD on in-shell walnuts from 30 percent to 100 percent. The United States and Chile remain the two major exporters of walnuts to India, at 84 percent and 15 percent, respectively, in MY 2016/17; however, Chilean walnuts gained significant market share in MY 2017/18, taking hold of approximately 50 percent of the Indian market.

Assuming that international prices for walnuts and the Indian rupee remain constant through MY 2018/19, Post estimates that India will import 19,000 MT of walnuts, a 10 percent decline, year-on-year. Post attributes this decline in walnut imports to the 70 percent increase in BCD and the devaluation of the Indian rupee.

Trade Policy:

On May 23, the GOI's MOF issued notifications announcing an increase in the BCD on several imported agricultural products, including in-shell walnuts. The increased tariffs on in-shell walnuts were applied to all third country suppliers, and increased the tariff on in-shell walnuts from 30 percent to 100 percent, causing a significant impact to trade (see [GAIN IN8067](#)).

Walnuts are imported without quantitative restrictions under India's Open General License program. In-shell walnut imports are subject to a 100 percent tariff, and shelled walnuts are subject to a 30 percent tariff, except for imports originating from Afghanistan, which due to the Indo Afghan Preferential Trade Agreement, receives a tariff concession of 50 percent (Table 11).

Production, Supply and Demand Data Statistics:

Walnuts, Inshell Basis Market Begin Year India	2016/2017		2017/2018		2018/2019	
	Sep 2016		Sep 2017		Sep 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Beginning Stocks	12800	12800	17000	17800	0	13500
Production	32000	32000	35000	32500	0	34000
Imports	23200	20000	30000	21200	0	19000
Total Supply	68000	64800	82000	71500	0	66500
Exports	4800	5000	5000	8000	0	6000
Domestic Consumption	46200	42000	54000	50000	0	50000
Ending Stocks	17000	17800	23000	13500	0	10500
Total Distribution	68000	64800	82000	71500	0	66500

Author Defined:

OTHER STATISTICAL TABLES

Table 3. India: Commodity, Almond, Import Trade Matrix 2016/17

Commodity: Almonds In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	127041	10414	99376	
United States	T	105002	3560	77061	78
Australia	T	21216	1166	16017	16
Afghanistan	T	761	2439	3009.8	3
Syria	T	0	1743	1743	2
Iran	T	0	1304	1304	1
Hong Kong	T	61	80	122.7	0
UAE	T	0	59	59	0
Spain	T	0	11	11	0
Nigeria	T	0	6	6	0
Chile	T	0	0	0	0
Greece	T	0	12	12	0
Uzbekistan	T	6	1	5.2	0
Sri Lanka	T	0	4	4	0
Mauritius	T	0	12	12	0
Pakistan	T	0	8	8	0

Table 4. India: Commodity, Almond, Import Trade Matrix 2017/18

Commodity: Almonds In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	136765	8816	104257	
United States	T	116374	3738	85200	81
Australia	T	19204	731	14174	14
Afghanistan	T	388	2175	2466	2
Iran	T	0	1073	1073	1
Syria	T	0	847	847	1
UAE	T	0	208	208	0
Hong Kong	T	285	0	199.5	0
United Kingdom	T	20	3	17	0
Chile	T	22	0	15.4	0
Singapore	T	20	0	14	0
Spain	T	0	12	12	0
Vietnam	T	0	12	12	0
Unidentified Countries	T	10	0	7	0
Nigeria	T	0	5	5	0
Mauritius	T	0	3	3	0

Pakistan	T	0	2	2	0
Sri Lanka	T	0	2	2	0
Uzbekistan	T	1	0	0.7	0

Table 5. India: Commodity, Almond, Export Trade Matrix 2016/17

Commodity: Almonds In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	75	131	184	
Hong Kong	T		80	80	43
United States	T		61	61	33
Mauritius	T		12	12	7
Greece	T		12	12	7
Sri Lanka	T	7	4	8.9	5
Nepal	T		4	4	2
Pakistan	T		3	3	2
Australia	T		2	2	1
Philippines	T	1		0.7	0

Table 6. India: Commodity, Almond, Export Trade Matrix 2017/18

Commodity: Almonds In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	874	28	639.8	
Vietnam	T	265		185.5	29
United Arab Emirates	T	129	8	98.3	15
United States	T	26		18.2	3
Nigeria	T		5	5	1
Mauritius	T		3	3	0
United Kingdom	T		3	3	0
Nepal	T		2	2	0
Sri Lanka	T		2	2	0

Table 7. India: Commodity, Walnut, Import Trade Matrix 2016/17

Commodity: Walnuts In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Qty	%Share
World	T	19549	200	20049	
United States	T	16545	85	16757.5	84
Chile	T	2758	88	2978	15
Ukraine	T	245		245	1
South Korea	T		16	40	0
Afghanistan	T		8	20	0
Uzbekistan	T		3	7.5	0

Table 8. India: Commodity, Walnut, Import Trade Matrix 2017/18 (Projected)

Commodity: Walnuts In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Qty	% Share
World	T	21002	64	21162	
Chile	T	11000	36	11090	52
United States	T	10000		10000	47
Unidentified Country	T		12	30	0
Afghanistan	T	1	8	21	0
Kyrgyzstan	T		6	15	0
Uzbekistan	T		2	5	0
Iran	T	1		1	0

Table 9. India: Commodity, Walnut, Export Trade Matrix 2016/17

Commodity: Walnuts In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Qty	% Share
World	T	462	1831	5039.5	
France	T		469	1172.5	23
United Kingdom	T		436	1090	22
Germany	T		223	557.5	11
Nepal	T	91	169	513.5	10
Kuwait	T	45	98	290	6
Belgium	T		92	230	5
Netherlands	T		72	180	4
Austria	T		49	122.5	2
United Arab Emirates	T	297	48	417	8
United States	T		42	105	2
Sweden	T		26	65	1
Egypt	T		25	62.5	1
Spain	T		24	60	1
New Zealand	T		20	50	1
Uruguay	T		14	35	1
Greece	T		12	30	1
Australia	T		12	30	1
Poland	T	25		25	0
United States	T	4		4	0
Bangladesh	T	2		2	0

Table 10. India: Commodity, Walnut, Export Trade Matrix 2017/18 (Sep-May 2018)

Commodity: Walnuts In Shell Fresh or Dried					
Partner Country	Unit	In Shell	Shelled	Total Qty	%Share
World	T	397	2876	1116	
France	T	24	748	211	19
United Arab Emirates	T	191	0	191	17
Nepal	T	139	115	168	15
United Kingdom	T	0	414	104	9
Germany	T	0	377	94	8
Egypt	T	0	273	68	6
Netherlands	T	0	271	68	6
Kuwait	T	0	153	38	3
New Zealand	T	0	142	36	3
Taiwan	T	26	36	35	3
United States	T	0	130	33	3
Thailand	T	16	0	16	1
Greece	T	0	53	13	1
Belgium	T	0	45	11	1
Canada	T	1	23	7	1
Sweden	T	0	26	7	1
Unidentified Country	T	0	24	6	1
Italy	T	0	16	4	0
Spain	T	0	12	3	0
Tunisia	T	0	11	3	0
Norway	T	0	7	2	0

Table 11. India: Almond and Walnut Tariffs

Commodity Code	Description	Applied Basic Duty rate	Social Welfare Surcharge	GST
HC 0802.31.00	Walnuts In shell	30%	10%	5%
HC 0802.32.00	Walnuts Shelled	100%	10%	5%
HC 0802.11.00	Almonds In shell	Rs.35/Kg	N/A	12%
HC 0802.12.00	Almonds shelled	Rs.100/Kg	10%	12%

Notes:

- OGL (Open General License) – no quantitative restrictions.
- Social welfare Surcharge (SWS) of 10 percent on BCD exempted on goods under HS Code 08021100 (Almonds in shell);
- Under the Indo Afghan Preferential Trade Agreement, a tariff concession of 50 percent is applied on the basic import duty for these goods if imported from Afghanistan.

Table 12. India: Commodity, Almond (Shelled), Prices Table

Country	India		
Commodity	Almonds, Shelled Basis		
Prices in Indian Rupees per UOM 100 Kg			
Year	2017	2018	% Change
Jan	58000	59000	2
Feb	58500	66000	13
Mar	58500	60000	3
Apr	58500	58500	0
May	60000	61000	2
Jun	61000	61000	0
Jul	67000	61100	-9
Aug	67500	62500	-7
Sep	67500	62500	-7
Oct	70000		
Nov	70000		
Dec	59000		
Exchange Rate	INR 71.85	Local Currency/US \$	
Date of Quote	9/14/2018	MM/DD/YYYY	

Table 13. India: Commodity, Almond (In-Shelled), Prices Table

Country	India		
Commodity	Almonds, In-Shelled Basis		
Prices in Indian Rupees per UOM 100 Kg			
Year	2017	2018	% Change
Jan	41000	42500	4
Feb	41500	45000	8
Mar	41500	45000	8
Apr	41500	42500	2
May	42500	42500	0
Jun	44000	42500	-3
Jul	46000	43000	-7
Aug	47500	43000	-9
Sep	44500	43000	-3
Oct	49500		
Nov	49500		
Dec	42500		
Exchange Rate	INR 71.85	Local Currency/US \$	
Date of Quote	9/14/2018	MM/DD/YYYY	

Table 14. India: Commodity, Domestic Produce Walnut, Price Table

Country	India		
Commodity	Walnuts, Shell Basis		
Prices in Indian Rupees per UOM 100 Kg			
Year	2017	2018	% Change
Jan	90000	91500	2
Feb	90000	83000	-8
Mar	87500	93500	7
Apr	85000	94000	11
May	80000	95000	19
Jun	72500	96500	33
Jul	85000	101500	19
Aug	90000	100000	11
Sep	98000	100000	2
Oct	96000		
Nov	80000		
Dec	92000		
Exchange Rate	INR 71.85	Local Currency/US \$	
Date of Quote	9/14/2018	MM/DD/YYYY	